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FIRST COUNTRY COOPERATION FRAMEWORK FOR THE TURKS AND CAICOS ISLANDS (1998-2002)

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 2	2
I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	3 - 9	2
II. RESULTS AND LESSONS OF PAST COOPERATION	10 - 13	4
III. PROPOSED STRATEGY AND THEMATIC AREAS	14 - 19	5
A. Governance and capacity-building	15 - 16	6
B. Sustainable livelihoods and employment creation	17 - 19	6
IV. MANAGEMENT ARRANGEMENTS	20	7
Annex. Resource mobilization target table for the Turks and Caicos Islands (1998-2002)		8

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INTRODUCTION

1. The first country cooperation framework (CCF) for the Turks and Caicos Islands (1998-2002) was based on the UNDP advisory note, which was prepared as a result of a lengthy collaborative process involving the input of various government departments, beneficiaries of past and future UNDP programmes and civil society partners. The advisory note detailed government development policies and plans in the areas proposed for possible collaboration with United Nations agencies. The mid-term review of the third country programme, which covered the period 1993-1996, also informed the preparation of the advisory note.

2. In view of the Turks and Caicos Islands' recently confirmed status as a net contributor country, it was necessary to hold further discussions with the Government to determine the framework of cooperation for the period covered by the first CCF. Accordingly, a one-year extension of the third country programme was requested by the Government and approved by the Administrator for the year 1997 (see document DP/CP/TCI/3/EXTENSION I), with the intention of presenting the first CCF to the Executive Board at its first regular session 1998. However, in order for the Government to carry out the additional local and regional consultations needed to further define the parameters, focus and strategy for the implementation of its national integrated development plan, which, when fully formulated, will guide its development efforts for the islands over the next 10 years, it was necessary to delay the submission of the present document to the Executive Board until its second regular session 1998.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Turks and Caicos Islands is a 417 square kilometre multi-island territory. It is the largest of the British dependent territories in the Caribbean, comprising 40 islands and cays. Despite its comparatively large size, the islands are sparsely inhabited, with a total population of about 14,500 and a population density of 34 persons per square kilometre. Most of the population resides on the two principal islands, Grand Turk, which is the administrative capital, and Providenciales, which is the business centre of the islands. Other populated islands are South Caicos, with 10.5 per cent of the total population; North Caicos, with 11.1 per cent of the total population; Middle Caicos, with 2.3 per cent of the population; and Salt Cay, with 1.8 per cent of the population.

4. Turks and Caicos prides itself on being "beautiful by nature", which is its promotional slogan for tourism. This is manifested by an environment that is still pristine, including a 12-mile stretch of beaches with resort developments. The Turks and Caicos Islands also boast an ecotourism sanctuary, scuba diver prides, and over 170 square miles of land and sea protected as national parks. However, nature has not been entirely kind to Turks and Caicos - the soils are thin and subject to erosion, and the amount of rainfall is low, at about 600 millimetres annually. Because of the porous limestone bedrock, groundwater resources are limited and water in general is at a premium. The islands have

limited natural resources, little natural vegetation and very limited agricultural potential, hence the increasing importance of tourism and the need to pursue spatial development in a judicious manner.

5. Economic growth in the islands averaged 5 per cent over the five-year period 1990-1995. With heightened investment interest in the Turks and Caicos Islands, it is expected that this level of growth should continue for the foreseeable future. Recurrent revenue increased by over 50 per cent between 1990 and 1995 - from $22 million to $37 million. Although public sector recurrent expenditure increased from $25 million to $34 million over the same period, the Government realized some surplus revenue towards the end of the period. The current period of favourable economic growth in the Turks and Caicos Islands, is however, mainly as a result of expansion in the service sector (tourism and offshore finance). The ascendancy of this sector represents a structural shift in the economy of the Turks and Caicos Islands. Salt mining and fishing industries, hitherto the key economic sectors, are now in decline.

6. While expansion in the tourism and offshore finance sector has resulted in favourable economic growth, activities in this area are concentrated almost totally on one island, Providenciales. Thus economic opportunities are not equally distributed among the islands. Unemployment varies between 14 and 20 per cent on other islands, while Providenciales boasts almost full employment. Inter-island migration is common, particularly migration to Grand Turk, the capital. A number of social problems such as overcrowding, housing shortages and an increase in the number of female-headed households have resulted from this skewed pattern of development.

7. With the exception of their pristine environment, the islands have few natural resources. Light manufacturing and agriculture are being emphasized to promote economic diversification. The increasing emphasis on the service sector has its drawbacks. In the case of tourism, the principal industry being developed, the competitive nature of the global market and its dependence on growth in developed countries has made the Turks and Caicos Islands vulnerable to fluctuations in the international economy. Competitiveness in the tourism sector also requires expansion of the Turks and Caicos Islands' tourism plant capacity (i.e., infrastructure development such as the building of new roads, hotels and other facilities, the expansion of beach fronts, etc.) increasing pressure upon the islands' fragile natural environment and threatening their islands' sustainable development prospects. These factors call into question the ability of the country to maintain its current 5 per cent average annual economic growth.

8. School attendance in the Turks and Caicos Islands is compulsory for students between 5 and 16 years of age. The overall goal of the sector is to prepare the population of the Turks and Caicos Islands for employment opportunities that will arise as the pace of development increases. The pupil-teacher ratio averages 25:1. Basic health care is available on the islands through a network of primary health care clinics and one hospital, which is located in Grand Turk, the capital island. Recently, the Government has sought to address infrastructure needs, especially on the island of Providenciales, which has a high population growth rate. However, there is still a need for improved management in these sectors. Social and other welfare programmes for

the elderly and other vulnerable groups are in need of improvement to ensure that the standard of living of these groups is not eroded. The status and rights of women are protected by provisions of law that ensure equal access to education, credit and employment opportunities. Furthermore, the Government of the Turks and Caicos Islands has indicated officially that the promotion of the rights and roles of women is one of its foremost objectives. To facilitate meeting this goal, a Department for Women's Affairs was established in July 1997. This framework provides an opportunity for UNDP to work with the Government to promote practical activities that will enhance the role and position of women.

9. The Government of the Turks and Caicos Islands is committed to private-sector-led development and has indicated its willingness to work with the private sector, non-governmental organizations (NGOs) and community organizations to ensure their involvement in the development of future national plans. In this regard, it will prepare a national integrated development plan that will enable sustainable development to take place in a manner that is in harmony with the Turks and Caicos Islands' natural environment. The plan will ensure that mechanisms are put in place for formal consultations between the Government, the private sector, NGOs and community organizations as well as to allow for improvement in local planning capacity and absorptive capacities. Additionally, the plan will aim at promoting economic diversification, environmental protection and employment generation in order to lessen dependence on tourism and promote more equitable growth among the islands. It will also allow for improved provision of basic health care, education and other social services.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. The Turks and Caicos Islands receives development assistance from a limited number of donors due to its political status as a dependent territory of the United Kingdom. Accordingly, most of its development assistance comes from sources within the United Kingdom, with smaller amounts of assistance from the European Union, the Caribbean Development Bank and various United Nations agencies. Much of this support has been in the form of grants and concessional loans for the implementation of development projects and technical cooperation aimed at strengthening the human resource base of the country. Increasingly, the type of projects undertaken with this form of support depend on the changing themes and administrative requirements of the donor agencies, which do not always coincide with local development priorities and are not always sensitive to the limitations of local planning capacities. This places enormous pressure on the government planning machinery to respond to changes in assistance and project implementation criteria. In addition, instability in the national planning framework is created, further limiting the effectiveness of development assistance.

11. UNDP cooperation in the fifth cycle emphasized the delivery of high-level technical support to key sectors projects in education sector management, physical planning capacity development, the improvement of building codes and investment promotion (including assistance for the establishment of the first investment bank, TCInvest). These projects have enabled the Government to take

important decisions in the areas of housing policy, education planning and investment promotion and to enact timely legislation.

12. The Government recognizes that concessional development assistance will decline further in the medium term and that the Turks and Caicos Islands must prepare for such an eventuality. This requires greater complementarity and coordination of assistance received from all donors, and the generation of local resources to fill part of the "financing gap" that will occur as donor assistance declines. There will also be a need for increased private sector participation in the development process. The need for complementarity between various donor programmes was pointed out in the mid-term review of the third country programme, in order to lessen the possibility of duplication of efforts, and to maximize the efficiency of development assistance programmes. To bring all these elements together requires improvements in the Turks and Caicos Islands development planning capacity and process.

13. The Turks and Caicos Islands have taken steps to improve development planning and aid coordination to make more resources available for project implementation. The Public Sector Investment Office within the Finance Department is now responsible for the coordination of all donor assistance programmes. The Public Sector Investment Office has been designated the United Nations focal point office for the Turks and Caicos Islands, with Internet links to the UNDP office in Jamaica. The Government has expanded the Turks and Caicos Islands Development Fund so that it will be able to gradually increase the number of development projects it undertakes with local financing and is emphasizing strategic planning as a result of the introduction of a three-year rolling budget in fiscal year 1996/1997. However, there is still a need for complementary improvements in local planning capacities in order to maximize the impact of the above-mentioned initiatives, including the formulation of a dynamic development plan that would address the requirement for economic diversification to lessen dependence on the service sector; the need for a more equitable distribution of economic opportunities among the islands; and the need for greater attention to gender-related issues.

III. PROPOSED STRATEGY AND THEMATIC AREAS

14. Within the context of the comparative advantages and the mandate of UNDP, the resources made available through UNDP to the Turks and Caicos Islands, and other resources made available through the United Nations system, during the period covered by the first CCF, the Government will address the following areas, which are in harmony with its own development goals and objectives: (a) governance and capacity-building, and (b) sustainable livelihoods and employment creation. Emphasis will be placed on involving stakeholders in the Government, donor agencies and civil society in a continuous dialogue through activities such as public consultations, partnerships, seminars, round-table meetings and technical working groups. Support will also be provided for capacity-building and human resource development at all levels through in-house and on-the-job training; professional- and technical-level short courses and seminars; training in technical vocational entrepreneurial skills; and the institutional development of an enabling policy environment. Programmes to be developed will also take into account gender issues, corresponding to the

Government's commitment to achieving greater sensitivity to gender-related concerns. Where appropriate, United Nations Volunteer specialists will be used to temporarily fill critical human resource needs, enable the transfer of knowledge to local personnel, and enhance capacity-building.

A. Governance and capacity-building

15. In this area of concentration UNDP will help the Government to develop a national integrated development plan that will put into place procedures for determining the islands' development priorities for a 10-year period. The plan will emphasize a multisectoral approach, addressing in particular the islands' development needs in the areas of health, population, education, tourism, and economic and social development. An important facet of the plan will be to remedy the weaknesses in the existing legislative and regulatory planning framework to ensure sustainable, environmentally friendly development. This area of concentration will also address capacity-building within the government planning machinery by developing and strengthening the human resource base to design and implement development plans and projects. In addition, emphasis will be placed on enabling NGOs and the private sector groups to enhance their skills in project identification, proposal writing and project implementation to ensure that they are in a position to play an active part in the islands' future development.

Impact

16. UNDP support in this area is expected to result in the production of a national integrated development plan that involves major stakeholders and is linked to the budgetary process. There should also be noticeable changes in the planning framework, with channels developed for formal consultations between the Government and all sections of civil society. The planning process will be institutionalized and a multidisciplinary approach to planning will be developed within the public sector. Other results expected include increased awareness about the development issues the Government faces and improved public and private sector capacity to design, plan, implement and evaluate projects, which will contribute to the long-term sustainable development of the islands.

B. Sustainable livelihoods and employment creation

17. The thrust of UNDP cooperation in this area will be to empower rural communities living on the less developed islands to improve their skills and productive capacity through community participation programmes, skills training and credit schemes. The young, the unskilled, the unemployed, the elderly, and particularly women, who make up a sizeable portion of the rural population, will be targeted in this initiative. Particular emphasis will be placed on agriculture, craft production and other small enterprises that will also have the potential to generate income within the tourism sector. A feasibility study carried out by United Nations Volunteer specialists has already been undertaken; it concluded that the prospects for agriculture and craft development in this area are very good. The continued use of United Nations Volunteer specialists in this area will be actively promoted.

Impact

18. UNDP support in this area is expected to result in an expansion in the level of productive skills and the empowerment of the rural population. There should also be noticeable growth in the agriculture sector, especially in North and Middle Caicos. Related skills training and employment generation are expected to result in an appreciable decline in unemployment levels among the rural population, as well as an increase in and strengthened community action. An additional output should be a functioning credit fund to assist small entrepreneurs in the above-mentioned areas.

19. In the long term, there should be a noticeable decline in inter-island migration and some reduction in the amount of food products that are imported.

IV. MANAGEMENT ARRANGEMENTS

20. National execution will be the primary execution modality for activities under the first CCF, complemented as necessary and appropriate by cooperation arrangements with other United Nations agencies. Efforts will be made to enhance institutional capacity both within the Government and among NGOs. Criteria to measure the success of UNDP-supported interventions will be developed, and regular reviews of planned activities will be undertaken. In addition, the CCF will be subject to a mid-term and triennial review to assess impact and determine future interventions.

21. Efforts will be made to increase collaborative efforts with the private sector and to identify additional source of regional and global funds to support the Turks and Caicos Islands' development efforts. In addition, UNDP will help the Government to devise strategies aimed at achieving greater overall coordination of the various aid programmes. This will be facilitated by UNDP hosting regular donor meetings to discuss development prospects for the Turks and Caicos Islands and to agree on broad parameters of intervention to ensure complementarity and integration.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE
TURKS AND CAICOS ISLANDS (1998-2002)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	316	
TRAC 1.1.1	222	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	48	
Subtotal	586[a]	
NON-CORE FUNDS		
Government cost-sharing	250	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	250	
GRAND TOTAL	836[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.